

Senate Study Bill 1205 - Introduced

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON DAWSON)

A BILL FOR

1 An Act providing for financing of certain agricultural
2 commodity programs, by reducing and eliminating fees imposed
3 on licensed grain dealers and warehouse operators, replacing
4 those moneys with moneys collected from a percentage of
5 state assessments imposed on the sale of corn and soybeans,
6 increasing moneys deposited into the grain depositors and
7 sellers indemnity fund, increasing indemnification amounts,
8 and making appropriations.
9 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 185.1, subsection 7, Code 2023, is
2 amended to read as follows:

3 7. "*Market development*" means to ~~engage~~ improve the economic
4 conditions of soybean production, storage, and marketing, by
5 engaging in research and educational programs directed toward
6 better and more efficient production, storage, and utilization
7 of soybeans; to provide providing methods and means, including
8 but not limited to, public relations and other promotion
9 techniques for the maintenance of present markets; ~~to provide~~
10 ensuring the security of soybeans stored and marketed in
11 commercial channels; providing for the development of new or
12 larger domestic and foreign markets; and to provide providing
13 for the prevention, modification, or elimination of trade
14 barriers which obstruct the free flow of soybeans.

15 Sec. 2. Section 185.13, Code 2023, is amended by adding the
16 following new subsection:

17 NEW SUBSECTION. 7. Accept gifts or federal or state grants
18 received by the board. Any moneys accepted by the board
19 shall be deposited in an account of a qualified financial
20 institution.

21 Sec. 3. Section 185.21, subsection 2, Code 2023, is amended
22 to read as follows:

23 2. The state assessment shall be ~~paid~~ deposited into the
24 soybean ~~promotion~~ marketing fund established in [section 185.26](#).

25 Sec. 4. Section 185.26, Code 2023, is amended to read as
26 follows:

27 **185.26 Administration Deposit of moneys collected from state**
28 **assessment — soybean marketing fund — transfers.**

29 1. The Moneys from the state assessment collected by
30 the board from the sale of soybeans shall be deposited in a
31 special fund known as the soybean ~~promotion~~ marketing fund,
32 established in the office of the treasurer of state. ~~The fund~~
33 ~~may also contain any gifts or federal or state grant received~~
34 ~~by the board.~~ Moneys ~~collected,~~ deposited into in the soybean
35 marketing fund, ~~and transferred to the board, as provided in~~

1 ~~this chapter~~, shall be subject to audit by the auditor of
2 state. The

3 2. a. Except as provided in paragraph "b", the department
4 of administrative services shall transfer moneys from the
5 soybean marketing fund to the board for deposit into in an
6 account known as the soybean checkoff account which shall be
7 established by the board in a qualified financial institution.
8 The department of administrative services shall transfer the
9 moneys ~~into to the soybean checkoff account~~ as provided in a
10 resolution adopted by the board. ~~However, the department is~~
11 ~~only required to transfer moneys once during each day and only~~
12 ~~during hours when the offices of the state are open. From~~
13 ~~moneys collected, deposited, and transferred to the soybean~~
14 ~~checkoff account as provided in this section~~, the board shall
15 first pay the costs of referendums, elections, and other
16 expenses incurred in the administration of ~~this chapter~~,
17 before the transferred moneys may be expended to carry out the
18 purposes of the board as provided in ~~section 185.11~~. The board
19 shall strictly segregate moneys in the soybean checkoff account
20 from all other moneys of the board. Moneys in the soybean
21 checkoff account shall be expended by the board exclusively
22 for use as provided in section 185.28, including for carrying
23 out the purposes of the board as provided in ~~section 185.11~~.
24 The soybean checkoff account shall be subject to audit by the
25 auditor of state.

26 b. (1) Except as otherwise provided in subparagraph
27 (2), twenty-five percent of moneys deposited in the soybean
28 marketing fund shall be transferred to the grain depositors
29 and sellers indemnity fund created in section 203D.3 for use
30 as provided in section 185.28.

31 (2) If the department of agriculture and land stewardship
32 delivers a state assessment transfer suspension notice to the
33 department of administrative services as provided in section
34 203D.3B, moneys that would otherwise be transferred to the
35 grain depositors and sellers indemnity fund as described in

1 subparagraph (1) shall instead be transferred to the soybean
2 checkoff account for use by the board in the same manner
3 provided in paragraph "a".

4 (3) If the department of agriculture and land stewardship
5 delivers a state assessment transfer reinstatement notice
6 to the department of administrative services as provided in
7 section 203D.3B, moneys that would otherwise be transferred to
8 the soybean checkoff account under subparagraph (2) shall again
9 be transferred to the grain depositors and sellers indemnity
10 fund in the same manner described in subparagraph (1).

11 c. The department of administrative services is only
12 required to transfer moneys under this subsection to the
13 soybean checkoff account and the grain depositors and sellers
14 indemnity fund once during each day and only during hours when
15 the offices of the state are open.

16 ~~2.~~ 3. The fiscal year of the association shall commence on
17 October 1 and end on September 30.

18 Sec. 5. Section 185.28, Code 2023, is amended to read as
19 follows:

20 **185.28 Use of moneys — ~~appropriation~~ appropriations.**

21 1. All Except as provided in subsection 2, moneys collected,
22 deposited, and transferred to or accepted by the board as
23 provided in ~~this chapter~~, are appropriated and shall be used
24 for the administration of ~~this chapter~~ by the board and for the
25 payment of claims by the board based upon obligations incurred
26 in the performance of board activities and functions provided
27 in ~~this chapter~~.

28 2. Moneys transferred from the soybean marketing fund to
29 the grain depositors and sellers indemnity fund as provided in
30 section 185.26 are appropriated for use by the department of
31 agriculture and land stewardship and the Iowa grain indemnity
32 fund board as provided in chapter 203D.

33 Sec. 6. Section 185.30, Code 2023, is amended to read as
34 follows:

35 **185.30 Bond.**

1 ~~Every~~ A person occupying a position of trust with the
2 board and acting under any provisions a provision of this
3 chapter shall ~~provide post~~ a bond in an amount required by the
4 board. The premium for the bond shall be paid out of moneys
5 ~~transferred from in the soybean promotion fund to the board~~
6 ~~pursuant to~~ checkoff account established in section 185.26.

7 Sec. 7. Section 185.33, Code 2023, is amended to read as
8 follows:

9 **185.33 Report.**

10 The board shall each year prepare and submit a report
11 summarizing the activities of the board under this chapter to
12 the auditor of state and the secretary of agriculture. The
13 report shall show all income, expenses, and other relevant
14 information concerning ~~fees~~ moneys collected by the board,
15 deposited by the board in an account, transferred to the board,
16 and expended by the board under the provisions of this chapter.

17 Sec. 8. Section 185.34, subsection 2, paragraph b,
18 subparagraph (2), Code 2023, is amended to read as follows:

19 (2) A public body for purposes of chapter 12C. ~~Moneys~~
20 ~~deposited into the soybean checkoff account as established in~~
21 ~~section 185.26~~ shall be deemed to be public funds under chapter
22 ~~12C~~.

23 Sec. 9. Section 185.34, Code 2023, is amended by adding the
24 following new subsection:

25 NEW SUBSECTION. 3. Moneys deposited in the soybean
26 marketing fund and transferred to the soybean checkoff account
27 as established in section 185.26 or the grain depositors and
28 sellers indemnity fund as provided in that section shall be
29 deemed to be public funds under chapter 12C.

30 Sec. 10. Section 185.35, subsection 2, Code 2023, is amended
31 to read as follows:

32 2. Subsection 1 does not apply to a any of the following:

33 a. A communication or action taken by the board if any of
34 the following applies:

35 ~~a.~~ (1) The board may communicate or take action directed

1 to an appropriate government official or government relating
2 to the marketing of soybeans or soybean products to a foreign
3 country.

4 ~~b.~~ (2) The communication or action relates to the
5 prevention, modification, or elimination of trade barriers.

6 b. Moneys transferred to the grain depositors and sellers
7 indemnity fund as provided in section 185.26.

8 Sec. 11. Section 185C.1, subsection 9, Code 2023, is amended
9 to read as follows:

10 9. "*Market development*" means to ~~engage~~ improve the economic
11 conditions of corn production, storage, and marketing, by
12 engaging in research and educational programs directed toward
13 better and more efficient production, storage, and utilization
14 of corn; ~~to provide~~ providing methods and means, including but
15 not limited to, public relations and other promotion techniques
16 for the maintenance of present markets; ~~to provide~~ ensuring
17 the security of corn to be stored and marketed in commercial
18 channels; providing for the development of new or larger
19 domestic and foreign markets; and ~~to provide~~ providing for the
20 prevention, modification, or elimination of trade barriers
21 which obstruct the free flow of corn.

22 Sec. 12. Section 185C.11, subsection 1, Code 2023, is
23 amended by adding the following new paragraphs:

24 NEW PARAGRAPH. j. Administer the corn checkoff account as
25 provided in section 185C.26.

26 NEW PARAGRAPH. k. Accept gifts, rents, royalties, interest,
27 license fees, or federal or state grants. Any moneys accepted
28 by the board shall be deposited in an account of a qualified
29 financial institution.

30 Sec. 13. Section 185C.21, subsection 1, Code 2023, is
31 amended to read as follows:

32 1. The board shall determine and set the state assessment
33 rate. State assessments collected pursuant to the promotional
34 order shall be paid into the corn ~~promotion~~ marketing fund
35 established in section 185C.26. Except as provided in

1 subsection 2, a state assessment shall not exceed one-quarter
2 of one cent per bushel upon corn marketed in this state.

3 Sec. 14. Section 185C.24, subsections 1 and 2, Code 2023,
4 are amended to read as follows:

5 1. The board shall be suspended and board operations and
6 terms of members shall cease upon either any of the following
7 events:

8 a. The state assessment is terminated pursuant to section
9 185C.25.

10 b. The state assessment is suspended pursuant to section
11 185C.25A.

12 2. However, notwithstanding subsection 1, the board
13 shall continue to operate until proceeds remaining in moneys
14 transferred from the corn promotion marketing fund to the corn
15 checkoff account are disbursed. Disbursement shall be made
16 as provided for payment the transfer of moneys under section
17 185C.26.

18 Sec. 15. Section 185C.26, Code 2023, is amended to read as
19 follows:

20 **185C.26 Deposit of moneys — corn promotion marketing fund**
21 **— transfers.**

22 1. A Moneys from the state assessment collected by the Iowa
23 corn promotion board from a the sale of corn shall be deposited
24 in the office of the treasurer of state in a special fund known
25 as the corn promotion marketing fund established in the office
26 of the treasurer of state. The fund may include any gifts,
27 rents, royalties, interest, license fees, or a federal or state
28 grant received by the board. Moneys collected, deposited
29 in the corn marketing fund, and transferred to the board as
30 provided in this chapter shall be subject to audit by the
31 auditor of state. The auditor of state may seek reimbursement
32 for the cost of the audit from moneys deposited in the corn
33 marketing fund as provided in this chapter. The department of
34 administrative services shall transfer moneys from the fund

35 2. a. Except as provided in paragraph "b", the department

1 of administrative services shall transfer moneys deposited
2 in the corn marketing fund to the board for deposit into in
3 an account known as the corn checkoff account which shall be
4 established by the board in a qualified financial institution.
5 The department of administrative services shall transfer the
6 moneys to the corn checkoff account as provided in a resolution
7 adopted by the board. However, the department is only required
8 to transfer moneys once during each day and only during hours
9 when the offices of the state are open. From moneys collected,
10 transferred to the corn checkoff account, the board shall first
11 pay all the direct and indirect costs incurred by the secretary
12 and the costs of referendums, elections, and other expenses
13 incurred in the administration of this chapter, before the
14 transferred moneys may be expended to carry for other uses as
15 provided in section 185C.28, including for carrying out the
16 purposes of this chapter as provided in section 185C.11.

17 b. (1) Except as otherwise provided in subparagraph (2),
18 twenty-five percent of moneys deposited in the corn marketing
19 fund shall be transferred to the grain depositors and sellers
20 indemnity fund created in section 203D.3 for use as provided
21 in section 185C.28.

22 (2) If the department of agriculture and land stewardship
23 delivers a state assessment transfer suspension notice to the
24 department of administrative services as provided in section
25 203D.3B, moneys that would otherwise be transferred to the
26 grain depositors and sellers indemnity fund as described in
27 subparagraph (1) shall instead be transferred to the corn
28 checkoff account for use by the board in the same manner
29 provided in paragraph "a".

30 (3) If the department of agriculture and land stewardship
31 delivers a state assessment transfer reinstatement notice
32 to the department of administrative services as provided in
33 section 203D.3B, moneys that would otherwise be transferred to
34 the corn checkoff account under subparagraph (2) shall again be
35 transferred to the grain depositors and sellers indemnity fund

1 in the same manner described in subparagraph (1).

2 c. The department of administrative services is only
3 required to transfer moneys under this subsection to the corn
4 checkoff account and the grain depositors and sellers indemnity
5 fund once during each day and only during hours when the
6 offices of the state are open.

7 Sec. 16. Section 185C.28, Code 2023, is amended to read as
8 follows:

9 **185C.28 Use of moneys — ~~appropriation~~ appropriations.**

10 1. Moneys deposited in the corn promotion fund and
11 transferred to Except as provided in subsection 2, moneys
12 transferred or accepted by the board, as provided in section
13 185C.26, including federal moneys to the extent permitted
14 by federal law, are appropriated and shall be used for
15 the administration of this chapter and for the payment of
16 claims based upon obligations incurred in the performance of
17 activities and functions provided in this chapter.

18 2. Moneys transferred from the corn marketing fund to the
19 grain depositors and sellers indemnity fund as provided in
20 section 185C.26 are appropriated for use by the department of
21 agriculture and land stewardship and the Iowa grain indemnity
22 fund board as provided in chapter 203D.

23 Sec. 17. Section 185C.29, subsection 1, Code 2023, is
24 amended to read as follows:

25 1. After the direct and indirect costs incurred by the
26 secretary and the costs of elections, referendums, necessary
27 board expenses, and administrative costs have been paid, at
28 least seventy-five percent of the remaining moneys from a state
29 assessment deposited in the corn ~~promotion~~ marketing fund shall
30 be used to carry out the purposes of the board as provided in
31 section 185C.11.

32 Sec. 18. Section 185C.30, Code 2023, is amended to read as
33 follows:

34 **185C.30 Bond.**

35 Every person occupying a position of trust with the board

1 and acting under any provisions a provision of this chapter
2 shall give post a bond in such amount as may be required by the
3 board, the. The premium for which the bond shall be paid out of
4 moneys in the corn promotion fund checkoff account established
5 in section 185C.26.

6 Sec. 19. Section 185C.33, Code 2023, is amended to read as
7 follows:

8 **185C.33 Report.**

9 The board shall each year prepare and submit a report
10 summarizing the activities of the board under this chapter to
11 the auditor of state and the secretary of agriculture. The
12 report shall show all income, expenses, and other relevant
13 information concerning fees moneys collected by the board,
14 deposited by the board into an account, transferred to the
15 board, and expended by the board under the provisions of this
16 chapter.

17 Sec. 20. Section 185C.34, Code 2023, is amended to read as
18 follows:

19 **185C.34 Not a state agency — public funds.**

20 1. The Except as provided in subsection 2, the Iowa corn
21 promotion board is not a state agency.

22 2. The board is deemed to be a public body for purposes of
23 chapter 12C.

24 3. Moneys deposited in the corn marketing fund and
25 transferred to the corn checkoff account as established in
26 section 185C.26 or the grain depositors and sellers indemnity
27 fund as provided in that section shall be deemed to be public
28 funds under chapter 12C.

29 Sec. 21. Section 203.1, Code 2023, is amended by adding the
30 following new subsection:

31 NEW SUBSECTION. 7A. “Fund” means the grain depositors and
32 sellers indemnity fund created in section 203D.3.

33 Sec. 22. Section 203.4, Code 2023, is amended to read as
34 follows:

35 **203.4 Participation in indemnity fund required.**

1 A grain dealer licensed or required to be licensed pursuant
2 to [section 203.3](#) shall participate in ~~and comply with~~ the grain
3 depositors and sellers indemnity fund as provided in chapter
4 203D.

5 Sec. 23. Section 203.5, subsections 1, 2, 3, and 4, Code
6 2023, are amended to read as follows:

7 1. a. Upon the filing of an application on a form
8 prescribed by the department and compliance with the terms and
9 conditions of [this chapter](#) including rules of the department,
10 the department shall issue the applicant a grain dealer's
11 license. The license expires at the end of the third calendar
12 month following the close of the grain dealer's fiscal year.
13 A grain dealer's license may be renewed annually by filing a
14 renewal application on a form prescribed by the department. An
15 application for renewal must be received by the department on
16 or before the end of the third calendar month following the
17 close of the grain dealer's fiscal year.

18 b. The department shall not ~~issue~~ approve an application for
19 the issuance or renewal of a grain dealer's license unless the
20 applicant pays to the department all of the following fees:

21 (1) For the issuance of a license, ~~all of the following:~~ a
22 license fee imposed under section 203.6.

23 ~~{a} A license fee imposed under [section 203.6](#).~~

24 ~~{b}~~ (2) (a) A In addition to subparagraph (1), for the
25 issuance of a license, a participation fee imposed under
26 ~~section 203D.3A~~ chapter 203D, including section 203D.3B, and
27 any delinquent participation fee imposed under a previous
28 license as provided in that ~~section~~ chapter.

29 (b) This subparagraph is repealed July 1, 2025.

30 ~~{2}~~ (3) For the renewal of a license, ~~all of the following:~~
31 a renewal fee imposed under section 203.6.

32 ~~{a} A renewal fee imposed under [section 203.6](#).~~

33 ~~{b}~~ (4) (a) A In addition to subparagraph (3), for
34 the renewal of a license, a participation fee imposed under
35 ~~section 203D.3A~~ chapter 203D, including section 203D.3B, and

1 any delinquent participation fee as provided in that ~~section~~
2 chapter.

3 (b) This subparagraph is repealed July 1, 2025.

4 ~~(c) (5) (a) A~~ In addition to subparagraphs (3) and (4),
5 for the renewal of a license, any per-bushel fee as provided in
6 ~~section 203D.3A~~ chapter 203D, including section 203D.3B, and
7 any delinquent per-bushel fee and penalty as provided in that
8 ~~section~~ chapter.

9 (b) This subparagraph is repealed July 1, 2025.

10 2. a. The department shall notify a licensed grain dealer
11 of any delinquency in the payment of a participation fee or
12 per-bushel fee as provided in ~~section 203D.3A~~ chapter 203D,
13 including section 203D.3B. The department shall suspend the
14 grain dealer's license thirty days after delivering the notice
15 unless the licensed grain dealer pays the delinquent fee.

16 b. This subsection is repealed July 1, 2025.

17 3. a. The department may suspend or revoke the license
18 of a grain dealer who discounts the purchase price paid for
19 grain nominally for the participation fee or per-bushel fee as
20 provided in ~~section 203D.3A~~ chapter 203D, including section
21 203D.3B, while that fee is not in effect.

22 b. This subsection is repealed July 1, 2025.

23 4. a. A grain dealer license ~~which~~ that has expired may
24 be reinstated by the department upon ~~receipt~~ the department's
25 approval of a proper renewal application, and receipt of the
26 renewal fee and a reinstatement fee as provided in section
27 203.6, and any delinquent participation fee or per-bushel fee
28 and penalty as provided in ~~section 203D.3A~~.

29 b. (1) In addition to paragraph "a", a grain dealer license
30 that has expired may be reinstated by the department upon
31 receipt of any delinquent participation fee or per-bushel fee
32 and penalty as provided in chapter 203D, including section
33 203D.3B.

34 (2) This paragraph is repealed July 1, 2025.

35 c. The applicant must file the renewal application and

1 pay the fees and penalty described in this subsection to the
2 department within thirty days from the date of expiration of
3 the grain dealer license.

4 Sec. 24. Section 203C.1, Code 2023, is amended by adding the
5 following new subsection:

6 NEW SUBSECTION. 9A. “*Fund*” means the grain depositors and
7 sellers indemnity fund created in section 203D.3.

8 Sec. 25. Section 203C.12, Code 2023, is amended to read as
9 follows:

10 **203C.12 Participation in fund required.**

11 A person licensed to operate a warehouse under [this chapter](#)
12 shall participate in ~~and comply with~~ the grain depositors and
13 sellers indemnity fund as provided in [chapter 203D](#).

14 Sec. 26. Section 203C.37, subsections 1, 2, and 3, Code
15 2023, are amended to read as follows:

16 1. *a.* Upon the filing of an application pursuant to section
17 203C.7 and compliance with the terms and conditions of this
18 chapter including rules of the department, the department
19 shall issue the applicant a warehouse operator’s license.
20 The license expires at the end of the third calendar month
21 following the close of the warehouse operator’s fiscal year.
22 A warehouse operator’s license may be renewed annually by
23 the filing of a renewal application on a form prescribed by
24 the department pursuant to [section 203C.7](#). ~~An~~ A renewal
25 application ~~for renewal~~ must be received by the department on
26 or before the end of the third calendar month following the
27 close of the warehouse operator’s fiscal year.

28 *b.* The department shall not approve an application for the
29 issuance or renewal of a warehouse operator’s license unless
30 the applicant pays to the department all of the following fees:

31 (1) For the issuance of a license, ~~all of the following:~~ a
32 license fee as provided in section 203C.33.

33 ~~{a} A license fee imposed under [section 203C.33](#).~~

34 ~~{b} A participation fee imposed under [section 203D.3A](#),~~

35 ~~and any delinquent participation fee imposed under a previous~~

1 ~~license as provided in that section.~~

2 (2) (a) In addition to subparagraph (1), for the issuance
3 of a license, a participation fee imposed under chapter 203D,
4 including section 203D.3B, and any delinquent participation fee
5 imposed under a previous license as provided in that chapter.

6 (b) This subparagraph is repealed July 1, 2025.

7 ~~(2) (3) For the renewal of a license, all of the following:~~
8 a renewal fee as provided in section 203C.33.

9 ~~(a) A renewal fee imposed under section 203C.33.~~

10 ~~(b) A participation fee imposed under section 203D.3A, and~~
11 ~~any delinquent participation fee as provided in that section.~~

12 (4) (a) In addition to subparagraph (3), a participation
13 fee imposed under chapter 203D, including section 203D.3B, and
14 any delinquent participation fee as provided in that chapter.

15 (b) This subparagraph is repealed July 1, 2025.

16 2. a. The failure of a warehouse operator to file a renewal
17 an application to renew a warehouse operator's license and to
18 pay a renewal fee as provided for in section 203C.33 and any
19 delinquent participation fee as provided in section 203D.3A,
20 on or before the end of the third calendar month following the
21 close of the licensee's fiscal year shall cause a license to
22 expire.

23 b. (1) In addition to paragraph "a", the failure of a
24 warehouse operator to file an application to renew a warehouse
25 operator's license and to pay a participation fee and any
26 delinquent participation fee as provided in chapter 203D,
27 including section 203D.3B, on or before the end of the third
28 calendar month following the close of the licensee's fiscal
29 year shall cause a license to expire.

30 (2) This paragraph is repealed July 1, 2025.

31 3. a. A warehouse license that has expired may be
32 reinstated by the department upon receipt of a proper renewal
33 application, to renew the warehouse operator's license and
34 the renewal fee and the reinstatement fee as provided for
35 in section 203C.33, and any delinquent participation fee as

1 ~~provided in section 203D.3A.~~ The applicant must file the
2 renewal application and pay the fees to the department within
3 thirty days from the date that the warehouse license expires.

4 b. (1) In addition to paragraph "a", a warehouse license
5 that has expired may be reinstated by the department upon
6 receipt of any delinquent participation fee as provided in
7 chapter 203D, including section 203D.3B. The applicant must
8 pay the fee to the department within thirty days from the date
9 that the warehouse license expires.

10 (2) This paragraph is repealed July 1, 2025.

11 Sec. 27. Section 203D.2, Code 2023, is amended to read as
12 follows:

13 **203D.2 Persons participating in fund — compliance.**

14 1. All licensed grain dealers, including persons applying
15 to be issued grain dealer licenses, as provided in chapter 203
16 and licensed warehouse operators, including persons applying to
17 be issued warehouse operator licenses as provided in chapter
18 203C, shall participate in the fund.

19 2. a. Participation in the fund by a licensed grain dealer
20 includes complying with this chapter and chapter 203.

21 b. Participation in the fund by a licensed warehouse
22 operator includes complying with this chapter and chapter 203C.

23 3. This section does not require participation in the fund
24 to include payment of a fee for deposit into the fund.

25 Sec. 28. NEW SECTION. **203D.2A Persons participating in fund**
26 **— payment into fund.**

27 1. Participation in the fund by licensed grain dealers,
28 including persons applying to be issued grain dealer
29 licenses under chapter 203, includes payment into the fund of
30 participation fees, per-bushel fees, and delinquency penalties
31 as provided in this chapter, including section 203D.3B.

32 2. Participation in the fund by licensed warehouse
33 operators, including persons applying to be issued warehouse
34 operator licenses under chapter 203D, includes payment into
35 the fund of participation fees as provided in this chapter,

1 including section 203D.3B.

2 3. This section is repealed July 1, 2025.

3 Sec. 29. Section 203D.3, subsection 2, Code 2023, is amended
4 to read as follows:

5 2. The fund consists of all of the following:

6 a. (1) Participation fees paid to the department by
7 licensed grain dealers and persons applying to be issued a
8 grain dealer's license dealer licenses as provided in this
9 chapter, including ~~section 203D.3A~~ 203D.3B.

10 (2) This paragraph is repealed July 1, 2025.

11 b. (1) Participation fees paid to the department by
12 licensed warehouse operators and persons applying to be issued
13 a warehouse operator's license operator licenses as provided in
14 this chapter, including ~~section 203D.3A~~ 203D.3B.

15 (2) This paragraph is repealed July 1, 2025.

16 c. (1) Per-bushel fees paid to the department by licensed
17 grain dealers as provided in this chapter, including section
18 ~~203D.3A~~ 203D.3B.

19 (2) This paragraph is repealed July 1, 2025.

20 d. (1) Delinquency penalties as provided in this chapter,
21 including section 203D.3B.

22 (2) This paragraph is repealed July 1, 2025.

23 e. The amount of the state assessment on soybeans collected
24 pursuant to chapter 185 and transferred to the fund pursuant to
25 section 185.26 and this chapter, including section 203D.3B.

26 f. The amount of the state assessment on corn collected
27 pursuant to chapter 185C and transferred to the fund pursuant
28 to section 185C.26 and this chapter, including section 203D.3B.

29 ~~e.~~ g. Amounts collected by the state pursuant to legal
30 action on behalf of the fund.

31 ~~f.~~ h. Interest, earnings on investments, property, or
32 securities acquired through the use of moneys in the fund.

33 Sec. 30. Section 203D.3A, Code 2023, is amended by adding
34 the following new subsection:

35 NEW SUBSECTION. 3. This section is repealed July 1, 2025.

1 Sec. 31. NEW SECTION. 203D.3B Grain depositors and sellers
2 indemnity fund — administration of fees.

3 1. The board shall annually review the debits of and credits
4 to the grain depositors and sellers indemnity fund.

5 2. *a.* Not later than May 1 of each year, the board shall
6 determine whether to do all of the following:

7 (1) Impose, reinstate, adjust, or waive the participation
8 fee as provided in this chapter, including sections 203D.3A and
9 203D.5.

10 (2) Impose, reinstate, adjust, or waive the per-bushel fee
11 as provided in this chapter, including sections 203D.3A and
12 203D.5.

13 *b.* Based on the board's determination, the board shall
14 impose or reinstate the participation fee and per bushel fee,
15 adjust those fees that were effective on the previous July 1,
16 or waive those fees that were in effect on the previous July 1,
17 in accordance with chapter 17A. The imposition, reinstatement,
18 adjustment, or waiver of the fees shall become effective as
19 follows:

20 (1) For the participation fee, on the following July 1.
21 However, the grain dealer or warehouse operator shall continue
22 to pay the participation fee at the rate in effect on the prior
23 July 1 until the grain dealer or warehouse operator has paid
24 the amount owing.

25 (2) For a per-bushel fee, on the following July 1.

26 *c.* This subsection is repealed July 1, 2025.

27 3. *a.* Notwithstanding subsection 2, if on the last date of
28 the grain depositors and sellers indemnity fund's fiscal year
29 as provided in section 203D.3, moneys in the fund exceed twenty
30 million dollars, less any encumbered balances or pending or
31 unsettled claims, all of the following apply:

32 (1) The participation fee shall be waived and shall not be
33 assessable or owing for the following fiscal year of the fund.
34 However, the grain dealer or warehouse operator shall continue
35 to pay any owed participation fee that was in effect prior to

1 July 1.

2 (2) The per-bushel fee shall be waived and shall not be
3 assessable or owing.

4 *b.* Notwithstanding subsection 2, the participation fee and
5 per-bushel fee shall be reinstated at any time if the moneys
6 in the fund, less any unencumbered balances or pending or
7 unsettled claims, equal ten million dollars or less.

8 *c.* This subsection is repealed July 1, 2025.

9 4. *a.* Not later than May 1 of each year, the board shall
10 determine whether to do all of the following:

11 (1) Suspend or reinstate the state assessment on soybeans
12 as provided in section 185.26.

13 (2) Suspend or reinstate the state assessment on corn as
14 provided in section 185C.26.

15 *b.* The fees described in this subsection shall be suspended
16 or reinstated effective the following July 1.

17 5. *a.* Notwithstanding subsection 4, if on the last date of
18 the grain depositors and sellers indemnity fund's fiscal year
19 as provided in section 203D.3, moneys in the fund exceed twenty
20 million dollars, less any encumbered balances or pending or
21 unsettled claims, all of the following apply:

22 (1) The amount of the state assessment imposed on soybeans
23 shall be suspended as provided in section 185.26.

24 (2) The amount of the state assessment imposed on corn shall
25 be suspended as provided in section 185C.26.

26 *b.* Notwithstanding subsection 4, if at any time moneys in
27 the fund do not exceed ten million dollars, less any encumbered
28 balances or pending or unsettled claims, all of the following
29 apply:

30 (1) The amount of the state assessment on soybeans shall be
31 reinstated as provided in section 185.26.

32 (2) The amount of the state assessment on corn shall be
33 reinstated as provided in section 185C.26.

34 6. *a.* If the amounts of the state assessments imposed on
35 soybeans and corn are suspended as provided in this section,

1 the department of agriculture and land stewardship shall
2 deliver a state assessment transfer suspension notice to the
3 department of administrative services as provided in sections
4 185.26 and 185C.26.

5 **b.** If the amounts of the state assessments imposed on
6 soybeans and corn are reinstated as provided in this section,
7 the department of agriculture and land stewardship shall
8 deliver a state assessment transfer reinstatement notice to the
9 department of administrative services as provided in sections
10 185.26 and 185C.26.

11 Sec. 32. Section 203D.4, subsections 2 and 3, Code 2023, are
12 amended to read as follows:

13 2. a. The duties of the board include the review and
14 determination of claims, and the review and approval of
15 administrative costs of the fund. To carry out these
16 duties, the board has the power to adopt rules regarding its
17 organization and procedures for determining claims. ~~Further,~~
18 ~~the~~

19 **b.** (1) The board shall approve rules proposed by the
20 department for the administration of the participation fees and
21 per-bushel fee prior to their adoption by the department.

22 (2) This paragraph is repealed July 1, 2025.

23 c. The board may provide comment and advice to the
24 department in regard to the department's administration of
25 chapters 203 and 203C where the department's policies and rules
26 may affect the exposure of the fund to liability. However, the
27 board shall not become actively involved in a determination by
28 the department as to whether disciplinary action is to be taken
29 against a particular licensee. The board is not a forum for
30 review or appeal in regard to any particular action taken by
31 the department against a licensee.

32 3. a. The department ~~through the grain warehouse bureau~~
33 shall perform the administrative functions necessary for the
34 operation of the board and the fund. Administrative costs
35 approved by the board shall be paid from the fund. The rules of

1 the department shall contain the rules of the board adopted for
2 its organization and its procedures.

3 b. (1) The department shall adopt rules for the
4 administration of the participation fee and per-bushel fee upon
5 the board's approval of the rules proposed by the department.

6 (2) This paragraph is repealed July 1, 2025.

7 c. The secretary of agriculture, as president of the board
8 as well as head of the department of agriculture and land
9 stewardship, shall administer the department so as to minimize
10 the risk of loss to the fund while protecting interests of
11 depositors and sellers of grain. Policies and rules for the
12 administration of chapters 203 and 203C which, as determined
13 by the secretary of agriculture, may affect the exposure of
14 the fund, shall be presented to the board for comment prior to
15 their adoption by the department.

16 d. The department shall make reports to the board in regard
17 to licensee investigations which may result in disciplinary
18 action against a licensee and exposure of the fund. The
19 reports may be discussed by the board in closed session
20 pursuant to section 21.5, and are confidential. In making
21 the report, the department shall make available to the board
22 records of licensees which are otherwise confidential under
23 section 22.7, 203.16, or 203C.24. However, a determination
24 to take disciplinary action against a particular licensee
25 shall be made exclusively by the department. A report to the
26 board is not a prerequisite to disciplinary action against a
27 licensee. Review of any action against a licensee, whether or
28 not relating to the fund, shall be made exclusively through the
29 department.

30 Sec. 33. Section 203D.5, Code 2023, is amended to read as
31 follows:

32 203D.5 Fees — imposition, adjustment, or waiver Rates for
33 participation and per-bushel fees.

34 ~~1. The board shall annually review the debits of and credits~~
35 ~~to the grain depositors and sellers indemnity fund created~~

1 ~~in section 203D.3 and shall determine whether to impose the~~
2 ~~participation fee and per-bushel fee as provided in section~~
3 ~~203D.3A, make adjustments to the fees effective on the previous~~
4 ~~July 1, or waive the fees as necessary to comply with this~~
5 ~~section. The board shall make the determination not later than~~
6 ~~May 1 of each year. The board shall impose the fees or adjust~~
7 ~~the fees effective on the previous July 1 in accordance with~~
8 ~~chapter 17A. The imposition or adjustment of the fees shall~~
9 ~~become effective as follows:~~

10 ~~a. For the participation fee, on the following July 1.~~
11 ~~However, the licensee shall continue to pay the participation~~
12 ~~fee at the rate in effect on the prior July 1, until the~~
13 ~~licensee has paid the amount owing.~~

14 ~~b. For a per-bushel fee, on the following July 1.~~

15 ~~2. 1. a. Except as provided in paragraph "b", the The~~
16 ~~board shall determine the rate of a the participation fee owed~~
17 ~~by a licensee grain dealer participating in the fund. The rate~~
18 ~~of the participation fee shall be calculated as follows not~~
19 ~~exceed the greater of the following:~~

20 ~~(1) (a) For a licensed grain dealer For the fund's fiscal~~
21 ~~year beginning July 1, 2023, not more than fourteen thousandths~~
22 ~~of a one cent per bushel assessed on all the grain dealer's~~
23 ~~purchased grain.~~

24 ~~(b) For the fund's fiscal year beginning July 1, 2023, a~~
25 ~~minimum of fifty dollars.~~

26 ~~(2) (a) For the fund's fiscal year beginning July 1, 2024,~~
27 ~~not more than seven thousandths of one cent per bushel assessed~~
28 ~~on all the grain dealer's purchased grain.~~

29 ~~(b) For the fund's fiscal year beginning July 1, 2024, a~~
30 ~~minimum of twenty-five dollars.~~

31 ~~b. The board shall calculate the grain dealer's purchased~~
32 ~~grain during the grain dealer's last fiscal year at each~~
33 ~~location at which records are maintained for transactions~~
34 ~~of the grain dealer, as determined according to information~~
35 ~~submitted by the grain dealer to the department for the~~

1 issuance or renewal of a license as provided in [section 203.5](#).

2 ~~{2}~~ 2. a. The board shall determine the rate of the
3 participation fee owed by the warehouse operator participating
4 in the fund. The rate of the participation fee shall not
5 exceed the greater of the following:

6 (1) (a) ~~For a licensed warehouse operator~~ For the fund's
7 fiscal year beginning July 1, 2023, not more than fourteen
8 thousandths of a one cent per bushel of bulk grain storage
9 capacity or five hundred dollars, whichever is less.

10 (b) For the fund's fiscal year beginning July 1, 2023, a
11 minimum of fifty dollars.

12 (2) (a) For the fund's fiscal year beginning July 1, 2024,
13 not more than seven thousandths of one cent per bushel of bulk
14 grain storage capacity or two hundred fifty dollars, whichever
15 is less.

16 (b) For the fund's fiscal year beginning July 1, 2024, a
17 minimum of twenty-five dollars.

18 b. The board shall calculate the warehouse operator's bulk
19 grain storage capacity for each warehouse licensed pursuant
20 to [section 203C.8](#) or five hundred dollars, whichever is less.
21 The participation fee shall be determined using information
22 provided to the department by the warehouse operator applying
23 for the issuance or renewal of a license as provided in
24 sections 203C.7 and [203C.37](#).

25 ~~b. A licensee shall pay a participation fee of at least~~
26 ~~fifty dollars.~~

27 3. a. The board shall determine the rate of the per-bushel
28 fee owed by a grain dealer. The rate shall not exceed
29 one-quarter the following:

30 (1) For the fund's fiscal year beginning July 1, 2023, not
31 more than one-quarter cent per bushel assessed on all the grain
32 dealer's purchased grain.

33 (2) For the fund's fiscal year beginning July 1, 2024, not
34 more than one-eighth cent per bushel assessed on all the grain
35 dealer's purchased grain.

1 b. The board shall calculate the grain dealer's purchased
2 grain in the same manner as the grain dealer's participation
3 fee as provided in subsection 1.

~~4 4. If on the last date of the fund's fiscal year as provided~~
~~5 in section 203D.3 the assets of the fund exceed eight million~~
~~6 dollars, less any encumbered balances or pending or unsettled~~
~~7 claims, all of the following apply: This section is repealed~~
~~8 July 1, 2025.~~

~~a. The participation fee shall be waived and shall not be assessable or owing for the following fiscal year of the fund. However, the licensee shall continue to pay any owing participation fee that was in effect on the prior July 1.~~

~~b. The per-bushel fee shall be waived and shall not be assessable or owing.~~

~~15 5. The board shall reinstate the fees as provided in this~~
~~16 section if the assets of the fund, less any unencumbered~~
~~17 balances or pending or unsettled claims, are three million~~
~~18 dollars or less.~~

19 Sec. 34. Section 203D.6, subsection 8, Code 2023, is amended
20 to read as follows:

21 8. *Payment of claims.*

22 a. Upon a determination that the claim is eligible for
23 payment, the board shall provide for payment of ninety percent
24 of the loss, as determined under subsection 5, but not more
25 than ~~three~~ six hundred thousand dollars per claimant.

b. If at any time the board determines that there are insufficient ~~funds~~ moneys in the fund to make payment of all claims, the board may order that payment be deferred on specified claims. The department, upon the board's instruction, shall hold those claims for payment until the board determines that ~~the fund again contains~~ there are sufficient ~~assets~~ moneys in the fund to pay deferred claims.

33 EXPLANATION

34 The inclusion of this explanation does not constitute agreement with
35 the explanation's substance by the members of the general assembly.

1 BACKGROUND — GRAIN DEPOSITORS AND SELLERS INDEMNITY FUND.
2 This bill amends provisions regulating grain dealers purchasing
3 grain (Code chapter 203), and grain warehouse operators storing
4 grain under bailment (Code chapter 203C). A grain dealer
5 or warehouse operator must do business in this state under
6 a license issued by the department of agriculture and land
7 stewardship (DALS). The licensed grain dealer and licensed
8 warehouse operator (licensees) pay license fees for deposit
9 in the general fund (Code sections 203.6 and 203C.33). A
10 person selling grain to a licensed grain dealer (seller) or
11 depositing grain with a licensed warehouse operator (depositor)
12 may be reimbursed for a loss incurred by the failure of the
13 licensed grain dealer or licensed warehouse operator to honor a
14 contractual obligation regarding the transaction (Code section
15 203D.6). Upon a determination that the claim is eligible
16 for payment, the indemnity board provides for payment of 90
17 percent of the loss, but not more than \$300,000. The indemnity
18 board may defer a claim if there are insufficient assets in
19 the fund to fully cover a loss. The indemnity fund is paid
20 from several sources, including a participation fee paid by
21 those grain dealers and warehouse operators (persons applying
22 for or renewing a license) and a per-bushel fee paid only by
23 grain dealers (Code sections 203D.3A and 203D.5). For grain
24 dealers, the amount of the participation fee is based on
25 purchased grain during the grain dealer's last fiscal year, and
26 for warehouse operators, the amount of the participation fee
27 is based on warehouse storage capacity. The maximum amount of
28 the participation fee is .014 of 1 cent per bushel of either
29 purchased or stored grain with a minimum required amount of
30 \$50. The per-bushel fee is also based on purchased grain with
31 a maximum of \$0.25 per bushel. The moneys available in the
32 indemnity fund are calculated by subtracting from the balance
33 any unencumbered obligations or pending claims (Code section
34 203D.6). The fund is managed on a state fiscal year basis
35 (July 1 to June 30). By May 1 of each year, the indemnity board

1 may impose, reinstate, adjust, or waive the fees. However, if
2 on the last date of the fund's fiscal year, the moneys in the
3 indemnity fund exceed a ceiling of \$8 million, the two fees are
4 waived. If at any time moneys in the indemnity fund are at a
5 floor of \$3 million or less, the indemnity fees are reinstated
6 (Code section 203D.5).

7 BACKGROUND — CORN AND SOYBEAN CHECKOFFS. An excise tax
8 or assessment is imposed on the first purchaser of a number
9 of commodities as a pass-through (commonly referred to as a
10 "checkoff"). The purpose of the assessment is to finance
11 activities which involve improving market development which
12 includes aspects related to the commodity's production and
13 market share, such as research and education. Depending upon
14 the commodity, the assessment is implemented and administered
15 under either a state or federal statute or both. An assessment
16 takes effect, is continued, or is terminated on the basis of
17 a majority vote of producers voting in a referendum conducted
18 by the United States department of agriculture in the case
19 of a federal assessment or DALS in the case of a state
20 assessment. The checkoff moneys imposed due to the state or
21 federal assessment are collected and expended pursuant to a
22 promotional order under the direction of a governing body
23 of elected producers (referred to as a board, committee, or
24 council). For soybeans, the federal government has implemented
25 and administers a federal assessment under the direction of the
26 united soybean board (7 U.S.C. ch. 92) and Iowa has implemented
27 and administers a state assessment under the direction of the
28 Iowa soybean association board of directors (Code sections
29 185.3, 185.11, and 185.13). With the collection of the federal
30 assessment, the maximum amount of the state assessment for
31 soybeans is .25 of 1 percent of the net market price (Code
32 section 185.21) without a right of refund. For corn, the
33 state has implemented and administers a state assessment (Code
34 chapter 185C) under the direction of the Iowa corn promotion
35 board (Code sections 185C.8, 185C.11, and 185C.13). The

1 maximum amount of the state assessment for corn is 3 cents per
2 bushel (Code section 185C.21) subject to a right of refund
3 (Code section 185C.27). For each commodity subject to a state
4 assessment, including soybeans and corn, the collected checkoff
5 moneys are deposited into a separate state-controlled fund
6 established in the state treasury (state fund) and transferred
7 by the department of administrative services (DAS) to an
8 account in a qualified financial institution eligible to
9 hold public funds (Code chapter 12C) and established by the
10 governing body of the commodity organization; in this case
11 the Iowa soybean association board of directors or Iowa corn
12 promotion board.

13 BILL'S PROVISIONS. The bill phases out the indemnity fees
14 paid to DALS by licensed grain dealers and warehouse operators
15 used to support the indemnity fund (Code sections 203D.3A
16 and 203D.5). For the fiscal year of the fund beginning July
17 1, 2023, the amount of the indemnity fees remains the same;
18 for the subsequent fiscal year of the fund, the two fees are
19 reduced to 50 percent of the prior fiscal year's amounts;
20 and for subsequent fiscal years, the two fees are eliminated
21 together with the repeal of statutory language authorizing
22 them (Code sections 203D.3A and 203D.5). The bill replaces
23 that funding source with checkoff moneys collected from state
24 assessments imposed on soybeans and corn. The bill provides
25 that market development for both soybeans and corn expressly
26 includes the production, storage, and marketing of those
27 commodities in commercial channels (amended Code sections
28 185.1 and 185C.1). The names of the state-controlled funds
29 are changed, from the soybean promotion fund to the soybean
30 marketing fund and from the corn promotion fund to the corn
31 marketing fund (amended Code sections 185.26 and 185C.26). The
32 account under the control of the Iowa corn promotion board is
33 named "the corn checkoff account". Under the bill, 25 percent
34 of moneys in each fund is transferred to the indemnity fund and
35 appropriated for use by DALS and the indemnity board to support

1 claims for losses by depositors and sellers (for soybeans,
2 amended Code sections 185.26 and 185.28, and for corn, amended
3 Code sections 185C.26 and 185C.28). Moneys deposited into the
4 soybean marketing fund or corn marketing fund and transferred
5 to the soybean checkoff account, the corn checkoff account,
6 or the indemnity fund are public funds (amended Code sections
7 185.34 and 185C.34). The bill increases the limits of the fund
8 to a ceiling of \$20 million, and a floor of \$10 million. On May
9 1, the indemnity board must determine to suspend or reinstate
10 the state assessments. However, if on the last date of the
11 indemnity fund's fiscal year, assets in the fund reach the
12 \$20 million ceiling, the state assessments are suspended and
13 if at any time those moneys reach the \$10 million floor, the
14 state assessments are reinstated (new Code section 203D.3B).
15 In either case, DALs must notify DAS of the suspension or
16 reinstatement. Finally, the indemnity fund's payout limit for
17 a claim is increased to \$600,000 (Code section 203D.6).